

Aggrigation provisions for
Class 8 exemption removed.

Amendments to Senate Bill No. 220
1st Reading Copy

Prepared by Department of Revenue

For the Senate Taxation Committee

SENATE TAXATION

EXHIBIT NO. 7

DATE 2-23-07

FILE NO. SB-220

Prepared by Lee Heiman
February 20, 2007 (8:15pm)

1. Page 22, line 17.

Strike: "Except as provided in subsection (5) (b), the"

Insert: "The"

2. Page 22, line 18.

Strike: ", directly or indirectly,"

3. Page 22, line 20 through line 23.

Following: "(b)"

Strike: the remainder of subsection (b) in its entirety

Insert: "(i) The department shall, by rule, establish reporting requirements that would not allow multiple business identities to obtain multiple exemption thresholds for what are functionally single businesses. The rules may require individual and taxpayer identification numbers for pass-through entities, as defined in 15-30-101, and their owners, partners, and officers to allow the department to track exemptions through the entities.

(ii) Whenever one member of a firm or one of the proper officers of a corporation has made a statement showing the property of the firm or corporation, another member of the firm or another officer is not required to include the property in that person's statement but the statement must show the name of the person or officer who made the statement in which the property is included.

(iii) The fact that a statement is not required or that a person has not made a statement, under oath or otherwise, does not relieve the person's property from taxation."

- END -

Explanation - The purpose of these amendments is to remove the provision that aggregates the property of related parties as defined under the §267 rules of the IRC that disallow losses between related parties and to give the department of revenue power to adopt rules to prevent splitting entities artificially to maximize the exemption, similar to the rule-making grant contained in HB 529.